



Session update from Olympia – Feb. 12, 2011

Helping businesses and workers weather the recession

Friday, the Legislature took the final steps in providing relief for employers and unemployed workers when the Senate passed and the Governor signed [EHB 1091](#).

Due to rising unemployment rates as a result of the recession, the state has been paying significantly more in benefits than it collected in taxes. That triggered a big increase in employers' 2010 and 2011 unemployment insurance (UI) tax rates due at the March 30 close of this fiscal year. HB 1091 provides permanent tax relief to 90 percent of employers around the state — to the tune of roughly \$300 million in tax relief — just as those new rates were about to come due. Otherwise the rates would have shot up by 36 percent.

At the same time, HB 1091 extends unemployment benefits for 70,000 unemployed workers across the state by making the state eligible for federally funded, extended unemployment benefits through 2011. At a time when one in five Washingtonians is either unemployed or under-employed, with many relying on unemployment benefits to keep their households afloat, this action was critical and is one of the few places in the budget where we have the ability to bolster our state's social safety net. The bill also expands the state's Training Benefit Program and temporarily increases newly unemployed workers' weekly benefits by \$25.

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It's also important to know that neither the tax break nor the benefits expansion have anything to do with the state operating budget. The increases in unemployment benefits are funded with federal dollars, and the tax break comes from a healthy trust fund that is funded by employers.

Here's how the fund works: Employers' unemployment insurance taxes go into the State's Unemployment Insurance Trust Fund, and benefits to laid-off workers are paid from this fund. Unlike at least 35 other states, Washington has maintained a healthy balance in its UI Trust Fund through the peak of the global recession due to the prudent way in which the Legislature structured the fund. This has allowed us to do what most other states cannot even consider — provide significant tax relief for our employers.

The four major misconceptions about how to balance the budget

I want to discuss some of the major public misconceptions about how lawmakers should go about tackling the problem. But if every lie contains a grain of truth, so, perhaps, does every misconception. Each of the items listed below *will need to be part of the overall solution*. At the same time, *there is no one silver bullet that will prevent us all from being deeply affected* in one way or another by the solution the Legislature ultimately takes.

FIRST: Eliminate waste, fraud and abuse.

In a recent poll, [71 percent of the public said that our budget problem can be solved by cutting waste, fraud and abuse.](#)

The reality is, we could eliminate our entire public system of higher education -- all six of our public four-year institutions and all 34 of our two-year community and technical colleges -- and we wouldn't solve the current problem. We could eliminate our entire corrections system -- all nine prisons, three minimum custody camps, and fifteen work release centers -- and we wouldn't solve the current problem. We could eliminate all state environmental efforts -- all programs that promote clean air and water, clean up pollution, preserve and support our vast natural resources, protect endangered species

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SIMPLIFYING OUR TAX SYSTEM

One of our goals this legislative session is to simplify our tax system to help small business — and you can help.

If you have an idea for simplifying things, [fill out this online survey](#) at the Department of Revenue website. The online survey is intended to supplement a series of meetings with businesses to gather

and encourage conservation -- and we wouldn't solve the current problem. Most significantly, *we could do all of these things and it still wouldn't bring the budget into balance.*

Yet -- even still -- it's imperative that the Legislature find major reforms in state government to maximize taxpayer dollars and to deliver essential services as efficiently as possible.

SECOND: Stop the overspending by the Legislature.

While state spending in real dollars has grown over the past 10 years, we need to keep in mind that Washington's population has grown so much over the past decade, [we were one of only eight states to add a Congressional seat after the 2010 census.](#)

As you can see in [this graph](#), the growth of state spending is actually at its lowest levels in 30 years. [This graph](#) shows how state spending as a percentage of personal income has declined over the past ten years. [This graph](#) shows how the number of state FTEs per capita has declined over the past ten years. [This graph](#) shows how state spending is at its lowest point since the budget of 2003-05 -- *which means that not even by maintaining Dino Rossi's level of spending could we have avoided the impacts of the Great Recession on the state budget.* To see just how extensive the cuts made by the Legislature over the past two years have been, [click here](#).

Yet -- even still -- lawmakers are obligated to continue to reduce current levels of spending.

THIRD: Cut back on state employees and their salaries

Public employees aren't responsible for our budget situation, [or for the recession which got us to this point.](#)

And the myth of "the overpaid state employee" is just that -- a myth. A recent national study by a renowned Rutgers professor found that, when education and experience and other factors are controlled for, [state workers are paid 7.6 percent less than they would performing similar work in the private sector.](#)

information on the costs of complying with the state tax system and they want to hear from as broad a cross-section of business owners as possible.

The goal is to make changes that let owners and employees focus less on paperwork and more on their core business. The department plans to present its findings and recommendations to the Gov. Chris Gregoire by June 30.

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The fact is, we could require every state worker to take a one-hundred percent pay cut and we'd still be a billion dollars in the hole. *We could fire every single state employee and zero out their benefits, and we still have a budget problem.*

Yet –even still – public employees will be asked once again to be a part of the solution by sacrificing in this time of ongoing crisis.

FOURTH: End state services to undocumented immigrants.

There are services within state government that may be accessed by undocumented immigrants, but not many. Here's [a chart of some major cash and medical assistance programs administered by the state](#) – of the 14 listed here, undocumented immigrants are eligible for only four. Chief among them is the Children's Health Program, the intent of which is to make sure that children who are undocumented through no fault of their own can still receive medical care when they get sick or injured. As with nearly all programs for which undocumented immigrants are currently eligible, this program was eliminated in the Governor's budget proposal.

Lawmakers will look for a way to maintain this humane and cost-effective service. But even if we are unable to do so, eliminating it will *only solve one percent of our problem*. Yet – even still – the Legislature must limit the availability of public services to narrower segments of the population if we are to maintain services at all. As an example, the budget plan passed last week by the Senate requires a valid social security number for eligibility into the Basic Health Plan.

IN CONCLUSION: There's no one answer that can solve our problem alone. In order to bring our budget into balance, lawmakers will have to pursue these solutions – plus countless others that carry a much larger social impact. As legislators come to terms with our budget crisis, it's important for the public to realize that the decisions we do make this year will affect us all for many years to come. Our discussion with the public needs to be about the decisions we face over the coming months, but also about who and what we want to be as a state today, tomorrow, twenty years from now and beyond.

ANOTHER INFORMATIVE WEEK OF MEETINGS WITH 3RD DISTRICT CONSTITUENTS IN OLYMPIA



One of my favorite parts of this job is meeting with constituents of the 3rd District and the Spokane region that make the trip to Olympia during the session. Many come to passionately advocate on behalf of issues that are deeply important to them. Local meetings this week included: Spokane Mental Health, Washington State School Retirees Association, YMCA, United Way, and Futurewise. I also met with Spokane members from the Associated General Contractors, SEIU home care workers, the Building Owners and Property Managers Association, Inland Empire Paper and Community Health System. The highlight of my week had to have been taking advocates from the ARC of the Spokane to the floor of the Senate (pictured to the left). Misty, Amber, Nicole and Christian shared their concerns with cuts to programs for the disabled with my staff and I. Misty and Amber brought up the need for vision and dental coverage for people with disabilities. Nicole shared the importance of transition funding and Medicaid services in helping

people with disabilities. Christian talked about how he looks forward to working in the future, and the importance of job coaches. Their communication regarding the issues that are vital to them truly paints a clear picture of the difficult decisions we face with our budget. Please continue to share your thoughts with my staff and I as we try to navigate these most challenging of times.

Sincerely,

Sincerely,



Click [here](#) for contact information for my Olympia or Spokane office.

If at any time you decide you no longer wish to receive updates from me, please go to <http://apps.leg.wa.gov/subscriptions/member.aspx?chamber=s&member=brown> to remove your name from the list.
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